

Message Text

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ACTION ARA-10

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RSC-01 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-02

H-02 PA-02 PRS-01 USIA-15 CIAE-00 COME-00 FRB-01

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E.O. 11652: N/A

TAGS: ETRD, OAS, XM

SUBJECT: SCCN AD HOC TRADE GROUP MEETING ON GSP PRODUCT LIST.

1. AFTER DAY AND HALF OF INTENSIVE LATIN AMERICAN WORKING GROUP SESSIONS RELATED TO STUDY OF PRODUCTS AND TO EXAMINATION OF U.S. STATEMENT (REFTEL, SECOND FORMAL SESSION OF SCCN AD HOC TRADE GROUP MET AFTERNOON OF NOVEMBER 13. IN ACCORDANCE WITH AGREEMENT REACHED IN L.A. CAUCUS, MEXICAN REPRESENTATIVE, ABEL GARRIDO, PRESENTED L.A. VIEWS ON U.S. PRESENTATION. GARRIDO DESCRIBED HIS STATEMENT AS PRELIMINARY VIEWS WHICH WERE NOT MEANT TO PREJUDICE DEVELOPING COUNTRY POSITIONS IN OTHER FORMS, IN PARTICULAR THOSE PRESENTED IN RECOMMENDATION 3 OF THE QUITO (MARCH 1974) MEETING OF THE SCCN AD HOC GROUP ON TRADE AND IN THE RESOLUTION ON THE U.S. GSP ADOPTED BY THE 14TH SESSION OF THE TRADE AND DEVELOPMENT BOARD WHICH TOOK PLACE IN AUGUST-SEPTEMBER 1974.

2. GARRIDO NOTED THAT MANDATORY AMENDMENTS RE ELEGIBILITY PROPOSED BY SENATE FINANCE COMMITTEE, CONTRADICTED
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AGREEMENTS REACHED IN UNCTAD WHICH PROVIDED THAT PRE-

FERENCES SHOULD BE EXTENDED TO ALL DEVELOPING COUNTRIES. HE SPECIFICALLY REFERRED TO PROVISIONS EXCLUDING OPEC AND OTHER CARTEL MEMBERS, STATING THAT LATIN AMERICANS MUST FIRMLY OPPOSE THESE LIMITATIONS AS INTERFERING WITH THEIR RIGHT TO DEFEND THE PRICES OF THEIR EXPORTS.

3. GARRIDO ALSO REFERRED TO DISCRETIONARY CRITERIA WHICH, IN THE OPINION OF L.A. DELS, SET CONDITIONS NOT ENVISIONED IN UNCTAD AGREEMENTS ON GSP. HE SHARPLY CRITICIZED SENATE FINANCE PROVISION WHICH COULD CONDITION GSP BENEFICIARY STATUS ON THE EXTENT TO WHICH A COUNTRY PROVIDES MARKET AND SUPPLY ACCESS. LATIN AMERICANS CONSIDER LINK BETWEEN GSP AND ACCESS TO MARKETS AND SUPPLIES TOTALLY UNACCEPTABLE. GARRIDO NOTED THAT COUNTRIES WHICH GRANT REVERSE PREFERENCES WOULD NOT RECEIVE GSP TREATMENT; YET CONDITIONING GSP ON ACCESS TO MARKETS AND SUPPLIES IS ALMOST A REQUIREMENT THAT POTENTIAL BENEFICIARIES GRANT THE U.S. REVERSE PREFERENCE. THIS GARRIDO CHARACTERIZED AS ILLOGICAL.

4. GARRIDO'S PRESENTATION ALSO CRITICIZED PORTION OF THE BILL WHICH HE CALLED PREJUDICIAL TO REGIONAL INTEGRATION, RATING THAT ONE OF THE MAJOR CONSIDERATIONS AFFECTING GSP IMPLEMENTATION (IN SECTION 501) IS " THE EFFECT SUCH ACTION WILL HAVE ON FURTHERING THE ECONOMIC DEVELOPMENT OF DEVELOPING COUNTRIES". HE CALLED THE APPLICATION OF A HIGHER (50 PERCENT INSTEAD OF 35) VALUE-ADDED REQUIREMENT ON MEMBERS OF REGIONAL GROUPINGS DISCRIMINATORY AND EMPHASIZED THAT THIS WILL WORK AGAINST THE FORMATION OF REGIONAL GROUPINGS.

5. GARRIDO REFERRED TO USDEL'S INDICATION (REFTEL) THAT U.S. ADMINISTRATION IS OPPOSING CERTAIN OF THE SENATE FINANCE COMMITTEE AMENDMENTS. HE ASKED THAT ADMINISTRATION OPPOSE ALL PROVISIONS WHICH RESTRICT APPLICATION OF GSP AND THAT ALL POINTS IN LATIN AMERICAN PRESENTATION BE COMMUNICATED FORMALLY TO APPROPRIATE U.S. AUTHORITIES.

6. IN SEPARATE INTERVENTION, PARAGUAYAN EXPRESSED SERIOUS CONCERN ABOUT TITLE V PROVISION WHICH REQUIRES THAT ARTICLE BE DIRECTLY IMPORTED TO BE ELIGIBLE FOR GSP (SECTION 503 (B)(1)). USDEL NOTED THAT TREASURY WOULD HAVE TO IN-

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TERPRET PROVISION BUT THAT OUR UNDERSTANDING WAS THAT THIS WAS A REQUIREMENT OF DIRECT CONSIGNMENT WHICH WOULD BE MET IF PRODUCT WERE SHIPPED "IN BOND" THROUGH THIRD COUNTRIES.

7. ON SUBJECT OF TREATMENT OF REGIONAL GROUPS AS ONE COUNTRY, NICARAGUAN DEL RAISED QUESTION OF LINK BETWEEN AGGREGATION FOR PURPOSES OF RULES OF ORIGINA AND AGGREGATION FOR THE

PURPOSES OF COMPETITIVE NEED. HE URGED THAT COMPETITIVE NEED CEILINGS BE APPLIED TO INDIVIDUAL COUNTRIES.

8. USDEL STATED THAT IT PREMATURE TO COMMENT ON FINANCE COMMITTEE AMENDMENTS SINCE THEY HAVE NOT BEEN OFFICIALLY REPORTED TO SENATE AND GAVE ASSURANCES THAT CONCERNS RAISED WOULD BE CONVEYED TO APPROPRIATE U.S. AUTHORITIES.

9. WORKING GROUP PRODUCED CONSOLIDATED LIST OF APPROXIMATELY 850 PRODUCTS. OF THESE, 85 ARE PRODUCTS ALREADY ON 1970 U.S. POSITIVE LISTS, AND ABOUT 350 ARE PRODUCTS WHICH WILL NOT LIKELY BE EXCLUDED FROM GSP (E.G. TEXTILES, SHOES, ETC.) LATIN AMERICAN PROPOSE FORMAL PRESENTATION OF LIST TO USDEL NOVEMBER 14. LIST IS REGARDED AS PRELIMINARY AND DOES NOT INDICATE PRIORITIES BECAUSE DIVERSITY OF INTERESTS AMONG COUNTRIES REPRESENTED PREVENTED AGREEMENT ON PRIORITIES IN THE CONSOLIDATED LIST.

10. COMMENT - GARRIDO'S PRESENTATION WAS A MEASURED, LOW-KEYED ARTICULATION OF LATIN AMERICAN CONCERNS AND REFLECTED MEXDELS SKILL IN CHANNELLING MEETING ALONG CONSTRUCTIVE LINES TO THE EXTENT POSSIBLE. IT IS NOTEWORTHY THAT VENEZUELAN DELEGATE DID NOT MAKE ANY STATEMENT DURING FORMAL SESSIONS BUT STATED PRIVATELY TO USDEL THAT GOVE WAS GREATLY DISTURBED BY SENATE FINANCE COMMITTEE'S OPEC AMENDMENT AND THAT IT WOULD MAKE ITS VIEWS KNOWN TO U.S. AT HIGH LEVELS.
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